

STATE SCHOOL AID UPDATE

Michigan Department of Education



August 2015
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REMINDER TO DISTRICTS THAT PLEDGED THEIR AUGUST PAYMENT

Approximately 135 school districts participated in the Michigan Finance Authority's (MFA) State Aid Note (SAN) Programs 2014 B-2 and 2014 B-3 (no set-aside pool), and pledged 100% of their August 2015 school aid payment for the repayment of this obligation. If your district participated in this program, please be reminded that all or part of your August payment will not be deposited in your bank account. Rather, the note set-aside portion will be deposited with the bank. If you have questions please contact Nichole Dorr, Michigan Finance Authority (517) 335-0525 or DorrN@Michigan.gov.

AUGUST PAYMENT INFORMATION

The August state school aid payment is the 11th and final payment of the year and reflects a cumulative 100% of the year's allocations for Sections 22a, 51c, and 22b as well as for the categorical funding.

Updated Categoricals - The following categorical were updated in the August payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Adult Education – Section 107 (Sandy Thelen, Workforce Development Agency, Adult Education, (517) 373-3395, ThelenS@Michigan.gov)
- Renaissance Zones – Section 26a (Howard Heideman, Treasury, Revenue and Tax Analysis, (517) 373-9002, HeidemanH@Michigan.gov)
- Great Start Readiness – Section 32d (Pat Sargent, Early Childhood Education, (517) 241-4741, SargentP@Michigan.gov)
- MPSERS Rate Cap Stabilization – Section 147c (Phil Boone, State Aid and School Finance, (517) 335-4059, BooneP2@Michigan.gov)

BEST PRACTICE RESIDUAL INCLUDED IN AUGUST PAYMENT

Language in the Best Practice Section (22f) of the State School Aid Act states that if the Department determines that FY 2015 funds remain after allocating \$50 per pupil, the remaining unexpended amount is to be allocated on an equal per pupil basis to districts that meet the Best Practice requirements and that have a foundation for FY 2015 less than \$8,099. The remaining Section 22f funds have been allocated in the August payment at a rate of \$1.68 per pupil. They appear on the August State School Aid Financial Status Report in the section labeled "Current Year Allowances" on a line labeled "Best Practice Residual." Approximately \$2.0 million is being allocated. For questions related to these funds please contact John Hayner, Office of State Aid and School Finance, at (517) 241-0495 or by e-mail at HaynerJ1@Michigan.gov.

NOTE: Following the processing of the August state school aid payment but prior to this publication date, it was detected that the amount of the Best Practice residual payment should have been \$1.33 per pupil not the \$1.68 that was used in the actual payment districts will receive on August 20, 2015.

Therefore, districts that receive the Best Practice residual will see a negative adjustment on their October 2015 payment. The amount of each district's adjustment can be seen at:

http://michigan.gov/documents/mde/Section22fResidualFundsRevisedPostAugust2015Payment_497138_7.pdf.

SECTION 147C FUNDING UPDATED IN AUGUST

As noted above, the Section 147c fund allowances have been updated in the August 2015 payment. The allowances have been increased to reflect a \$1.7 million supplemental appropriation.

FINANCIAL INFORMATION DATABASE (FID) REMINDER

All public schools that received state school aid during FY 2015 are required to electronically submit financial data to the Financial Information Database (FID) by November 1, 2015. Failure to submit the FID data by that date is cause for the withholding of the November and subsequent state school aid payments (MCL 388.1618(9)). Questions related to the financial data required in this submission may be directed to Chris May at (517) 335-1263 or e-mail

MayC@Michigan.gov. **The FID application will open for district submissions on September 2, 2015.** At least one staff member must be designated by each district and public school academy to submit data via the FID application. To become authorized, this individual must download and complete a security agreement. To locate the agreement, go to www.Michigan.gov/CEPI, click on "CEPI Applications" from the left-side navigation bar, and then on "Financial Information Database." In the lower left-hand corner of the screen, click on the "FID Security Agreements" link located in the "Upload FID Data to CEPI" box. Questions related to accessing the system or submission of data to the FID may be directed to the CEPI Customer support by e-mail at CEPI@michigan.gov or telephone (517) 335-0505.

FY 2015 STATE SCHOOL AID REVENUE RECOGNITION

State school aid revenue reported on the 2014-2015 financial data submission should be consistent with amounts shown on the district's August 2015 State Aid Financial Status Report. Minor differences may occur as the result of accounts payable and receivable issues. Care should be taken to record the revenues in the appropriate fund, major class codes, and suffix as indicated in the *Michigan Public School Accounting Manual*. Account numbers for the 2014-2015 state school aid revenue may be found on our website at: http://www.Michigan.gov/mde/0,1607,7-140-6530_6605-21356--_00.html. Unearned Revenue – any restricted state grant funds (i.e., At Risk, Adult Education, Math/Science) received and remaining unspent at year end should be recorded in the financial statements as unearned revenue (balance sheet major class code 471) rather than as a reserve of fund balance. This does not apply to funds that are awarded without restriction as to use. Questions related to revenue recognition should be directed to Chris May, Office of State Aid and School Finance, at (517) 335-1263 or by e-mail at MayC@Michigan.gov.

WEIGHTED AVERAGE FOUNDATION GRANT USED FOR DUAL ENROLLMENT

The "postsecondary dual enrollment weighted average foundation" to be used in FY 2016 is \$7,391. The Postsecondary Enrollment Options Act (MCL 388.514) was amended in 2012 to require districts to pay a prorated share of the state weighted average foundation for pupils enrolled in a postsecondary institution. The per pupil foundation grants used to calculate the postsecondary dual enrollment weighted average foundation are capped at the basic foundation (\$8,049 for FY 2014). The [State Aid Foundation Allowance parameter sheet](#) posted on the Department's website has been revised to reflect the dual enrollment weighted average foundation. Questions related to the dual enrollment calculation may be directed to Christopher May at (517) 335-1263. Office of State Aid and School Finance, or MayC@Michigan.gov.

DEFICIT DISTRICT INFORMATION

Deficit Elimination Plans (DEP) for districts or academies incurring a negative general fund balance as of June 30, 2015 or whose Board has adopted a 2015-2016 deficit budget were due to the MDE no later than July 31, 2015. Districts having incurred a negative general fund balance as of June 30, 2015 should contact the Office of State Aid and School Finance as soon as possible to begin planning their DEP submissions, if they have not already done so. Current DEP forms are available on the Department's website at: http://www.michigan.gov/mde/0,1607,7-140-6530_6605-106599--_00.html. Questions related to a DEP should be directed to Jeff Kolb, Office of State Aid and School Finance, at (517) 373-1908 or by e-mail at KolbJ2@Michigan.gov or Chad Urchike at (517) 335-1261 or UrchikeC1@Michigan.gov.

IMPORTANT DATES TO REMEMBER

- **October 20, 2015** is the date of the annual **MDE/MSBO Fall Workshop**. This year's conference will be at the Kellogg Center in East Lansing, Michigan.
- Pursuant to Section 380.1284b of the Revised School Code, **school is not to be in session prior to Labor Day** (September 7, 2015).
- **Wednesday, October 7, 2015** is the **pupil membership count day** for 2015-2016 and the second adult education participant count day of the year. (Brian Ciloski, (517) 373-3352, CiloskiB@Michigan.gov)
- The **SE-4096 Special Education Cost Report** for the FY 2015 school fiscal year is due on **September 30, 2015**. (Dianne Easterling, (517) 373-6488, EasterlingD@Michigan.gov)
- The **SE-4094 Special Education Transportation Expenditure Report** for the FY 2015 school fiscal year is due on **October 7, 2015**. (Dianne Easterling, (517) 373-6488, EasterlingD@Michigan.gov)
- The October 20, 2015 state school aid payment is the first payment of FY 2015. There is no September school aid payment.
- Districts are required to report by **November 1** to the local health department the immunization status of all students entering kindergarten or a new school in grades 1-12. Also, districts are required to report by **November 1** to the local health department the **immunization status** of all pupils who enrolled in grade 7 in the district or ISD for the first time between January 1 and September 30, 2015. (Patty Lawless (517) 373-1122, LawlessP@Michigan.gov)
- **November 1** is the deadline for local districts (including PSAs) to file their **2014-2015 financial audit report** with the ISDs. Both the **financial and pupil accounting audit reports** are due electronically to the Department on **November 1**. **Failure to file these reports will result in the withholding of state aid.** (Naomi Krefman, (517) 335-6858, KrefmanN@Michigan.gov)
- The **FY 2015 FID – Annual Comprehensive Financial Report** is due from local and intermediate districts to CEPI by **November 1** (see related item above). **Failure to file this report will result in the withholding of state aid.** (Christopher May, (517) 335-0524, MayC@Michigan.gov)
- The **DS-4168, Days and Clock Hours Report** for 2014-15 was due **August 1, 2015**.
- Section 23a claims for the months of July 2014 – June 2015 must be submitted by **September 1, 2015**.
- **Proration factors:** Section 31a – At Risk funding per pupil proration is \$317.6811988798. The proration factor for the Section 22j performance funds is .9976651044.
- Section 152a Headlee Obligation for Data Collection funds are being paid at a rate of \$24.9814754936 per pupil.

Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or Dan Hanrahan, Director, State Aid and School Finance, MDE, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.